

THE ELK RUN AT COPPER MOUNTAIN ASSOCIATION
Re: RESERVE FUND INVESTMENT POLICY

Adopted December 28, 2005

The following reserve fund investment policy has been adopted by The Elk Run at Copper Mountain Association pursuant to C.R.S. 38-33.3-209.5 at a meeting of the Board of Directors on December 28th, 2005.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association's reserve funds:

The Association will maintain a separate interest bearing bank account specifically for a reserve account.

I. Investment Objectives

All funds which are held as a part of the reserve fund shall be deposited and invested by the Association in accordance with Colorado State Statutes and resolutions enacted by the Association's Board of Directors in a manner to accomplish the following objectives:

- A. Safety of Funds: The funds will be invested only in financial instruments that are consistent with capital preservation.
 - 1. Credit Risk: In order to minimize the risk associated with failure of a financial institution, the Association will only invest funds with financial institutions that are insured against such failure. The use of any specific financial institution will be approved by a majority of the Association Board Members.
 - 2. All funds may be invested in any financial instrument that is insured up to the maximum federally insured limit. Any investments outside of the above must be consistent with capital preservation and are limited to 25% of total reserve funds.
 - 3. All funds will be invested primarily in money market bank accounts, short- to intermediate-term investments, and approved money market mutual funds.
- B. Liquidity of Funds: The reserve funds will be invested so that maturities, if appropriate, will match upcoming expenditures.

II. Policy Revisions

The Board of Directors may review and amend this policy at it's discretion.

The Elk Run at Copper Mountain Association

By: _____
Paul Zlotoff, President

Attest

Dick McKay, Secretary

This Reserve Fund Investment Policy was adopted by the Board of Directors on the 28th day of December, 2005, effective the 1st day of January, 2006, and is attested to by the Secretary of The Elk Run at Copper Mountain Association.

Dick McKay, Secretary